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Financial Advisor to the Official Committee
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**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA
SACRAMENTO**

In re:

THE ROMAN CATHOLIC BISHOP OF
STOCKTON, a California corporation sole,

Debtor and
Debtor-in-Possession.

Case No.: 14-20371-C-11

DCN: PSZ-012

Chapter 11

Date: April 18, 2017

Time: 10:30 a.m.

Place: Courtroom 35

501 I Street, 6th Floor

Sacramento, CA

Judge: Hon. Christopher M. Klein

**THIRD AND FINAL APPLICATION OF BERKELEY RESEARCH GROUP, LLC,
ACCOUNTANT AND FINANCIAL ADVISOR TO THE
OFFICIAL COMMITTEE OF UNSECURED CREDITORS,
FOR FINAL APPROVAL OF COMPENSATION AND REIMBURSEMENT OF EXPENSES**

Berkeley Research Group, LLC (“BRG”), accountant and financial advisor to the Official Committee of Unsecured Creditors (the “Committee”), hereby submits its third and final application (the “Final Application”) for allowance and payment of fees and reimbursement of expenses for the period of May 4, 2014 through February 14, 2017 (the “Case Period”), subject to the Professional Fee Cap, more fully described below. In support of the Application, BRG respectfully represents as follows:

CASE PERIOD: MAY 4, 2014 THROUGH FEBRUARY 14, 2017

Fees Sought For Case Period: \$ 57,182.00

Expenses Sought For Case Period: \$ 43.92

1 **Total Sought For Approval For Case Period:** \$ 57,225.92

2 Already Paid From Interim Applications: \$ 35,156.42

3 Unpaid Balance Sought For Current Payment: \$ 22,069.50¹

4 This Final Application seeks final approval of the fees and expenses previously approved on
5 an interim basis, including approval and payment of held back amounts, and approval and payment
6 of all of the fees and expenses incurred for Third Fee Period (defined and described below).

7 *Prior Interim Applications*

8 As more fully described below, BRG previously filed and had approved two prior interim fee
9 applications, which, collectively, sought fees and expenses for the period from the inception of the
10 case through December 31, 2015. The Court authorized payment of 100% of expenses for both prior
11 fee applications and authorized payment of 100% of fees sought by the first interim application and
12 70% of fees sought by the second interim application.

13 More specifically, on February 4, 2015, BRG filed its first interim application seeking
14 \$10,287.00 in fees and \$34.48 in expenses incurred from May 4, 2014 through December 31, 2014
15 (the “First Interim Application” - Docket No. 395). BRG incorporates by reference its First Interim
16 Application herein. On March 6, 2015, the Court entered its order in respect of the First Interim
17 Application (Docket Number 435), awarding BRG \$10,287.00 in full payment of its fees and \$34.48
18 in full payment of its expenses. The Debtor paid \$10,321.48 to BRG in respect of the First Interim
19 Application.

20 On February 10, 2016, BRG filed its second interim application seeking \$35,465.00 in fees
21 and \$9.44 in expenses incurred from January 1, 2015 through December 31, 2015 (the “Second
22 Interim Application” - Docket No. 550). BRG incorporates by reference its Second Interim
23 Application herein. On March 9, 2016, the Court entered its order in respect of BRG’s Second
24 Interim Application (Docket No. 599), awarding BRG \$24,825.00 as an interim award of 70% of its
25 requested fees and \$9.44 in full payment of its expenses. The Debtor paid \$24,834.94 to BRG in
26 respect of the Second Interim Application, resulting in an unpaid balance of \$10,639.50.

27
28 ¹ The total amount sought is subject to the “Professional Fee Cap,” applicable only to BRG’s fees and expenses incurred from April 19, 2016 through February 14, 2017, as more fully described herein.

Pursuant to this Final Application, in addition to final allowance and full payment of the fees and expenses incurred in the Third Fee Period, BRG seeks final approval of both (a) the fees and expenses previously allowed on an interim basis with respect to the First Interim Application and the Second Interim Application, and (b) the withheld fees due on account of the Second Interim Application. Thus, included in the amount that BRG seeks for the Case Period are the following amounts sought by the First Interim Application and the Second Interim Application, collectively:

Fees Sought By Interim Applications: \$ 45,752.00

Expenses Sought By Interim Applications: \$ 43.92

Total Sought By Interim Applications: \$ 45,795.92

Already Paid From Interim Applications: \$ 35,156.42

Unpaid Balance From Interim Applications: \$ 10,639.50

Third Fee Period

The prior interim applications do not cover the time period from January 1, 2016 through February 14, 2017 (the “Third Fee Period”). This Final Application includes a detailed narrative as to the services of BRG during the Third Fee Period. As to the Third Fee Period, BRG seeks final allowance and payment of the following amounts, subject to the Professional Fee Cap:

Fees Sought For Third Fee Period: \$ 11,430.00

Expenses Sought For Third Fee Period: \$ 0.00

Total Sought / Unpaid For Third Fee Period: \$ 11,430.00

A portion of the amount sought by BRG for the Third Fee Period is expected to be reduced based on the “Professional Fee Cap” agreed to in connection with the confirmed plan in this case.² Together, the \$11,430.00 sought for payment from the Third Fee Period and the \$10,639.50 sought for payment of amounts withheld from the first two interim fee applications make up the total now sought for payment by BRG of \$22,069.50, as set forth above.

² The amount sought for the Third Fee Period is subject to the “Professional Fee Cap,” applicable only to BRG’s fees and expenses incurred for a portion of such period (from April 19, 2016 through February 14, 2017), as more fully described herein. Of the total \$11,430.00 being sought, \$7,470 is subject to the “Professional Fee Cap.”

I.

**RELEVANT FACTS: RETENTION OF BRG; APPLICATION OF BLENDED HOURLY
RATE CAP; AND PLAN'S PROFESSIONAL FEE CAP**

1. On January 15, 2014, The Roman Catholic Bishop of Stockton (the "Debtor"), filed a voluntary petition under chapter 11 of the Bankruptcy Code, 11 U.S.C. § 101 et al. The Debtor is operating its business and managing its properties as a debtor in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in this bankruptcy case.

2. On February 11, 2014, the United States Trustee appointed the Committee.

3. On March 21, 2014, the Court entered its Order authorizing the Committee's retention and employment of Pachulski Stang Ziehl & Jones LLP ("PSZJ") as counsel ("Committee Counsel"). See Doc. 193.

4. On June 24, 2014, the Committee filed an application for entry of an order to employ BRG as its accountant and financial advisor. See *Application of the Official Committee of Unsecured Creditors for Entry of an Order Authorizing and Approving the Employment of Berkeley Research Group, LLC as Accountant and Financial Advisor to the Official Committee of Unsecured Creditors*. Doc. 287.

5. On June 25, 2014, the Court approved the Committee's retention of BRG as financial advisor to the Committee. See *Order Granting Application of the Official Committee of Unsecured Creditors Pursuant to Fed. R. Bankr. P. 2014 for Entry of an Order Authorizing and Approving the Employment of Berkeley Research Group, LLC as Accountant and Financial Advisor to the Official Committee of Unsecured Creditors*. Doc. 293.

6. On February 4, 2015, BRG filed its First Interim Application seeking \$10,287.00 in fees and \$34.48 in expenses incurred from May 4, 2014 through December 31, 2014 (Docket No. 395). On March 6, 2015, the Court entered its order awarding BRG \$10,287.00 as an interim award of 100% of its requested fees and \$34.48 in full payment of its expenses in respect of BRG's First Interim Application (Docket No. 435). BRG has been paid \$10,321.48 related to its first interim fee application.

1 7. On February 10, 2016, BRG filed its Second Interim Application seeking \$35,465.00
2 in fees and \$9.44 in expenses incurred from January 1, 2015 through December 31, 2015 (Docket
3 No. 550). On March 9, 2016, the Court entered its order awarding BRG \$24,825.00 as an interim
4 award of 70% of its requested fees and \$9.44 in full payment of its expenses in respect of BRG's
5 Second Interim Application (Docket No. 599). BRG has been paid \$24,834.94 related to its second
6 interim fee application, leaving an outstanding balance of \$10,639.50.

7 8. During the Third Fee Period, BRG billed 25.4 hours. BRG's professional's hours
8 during the Third Fee Period would result in a total fee request of \$11,430.00 under the lodestar
9 approach (multiplying hours worked by the applicable hourly rate for each professional (the
10 "Lodestar Calculation"). Based on BRG's extensive experience in bankruptcy matters and
11 specifically with Church-related chapter 11 bankruptcy filings in the United States, BRG's
12 specialized skill set and services provided benefit in this matter. As a result, BRG believes that the
13 amounts sought by the Final Application are reasonable and just. Of note, due to the Professional
14 Fee Cap, BRG's fees are likely to be discounted in payment by the Debtor.

15 9. February 14, 2017 (the "Effective Date") is the effective date of the Debtor's Plan of
16 Reorganization Dated October 26, 2016 (Docket No. 846). BRG has agreed, and the Plan provides,
17 that all of the Debtors' and Committees' professionals would cap their compensation collectively at
18 \$350,000 for the period from April 19, 2016 through the Plan Effective Date of February 14, 2017,
19 which \$350,000 is to be *pro-rated* among them based on this Court's awards to them for such
20 period. More specifically:

- 21 a. Under the Plan, at p. 22 , the "Professional Fee Cap" is defined as a cap of \$350,000
22 applying to the fees of the professionals of the Debtor and Committee for the period
23 of April 19, 2016 to the February 14, 2017 Plan Effective Date:

24 Professional Fee Cap. This term will refer to and mean a cap of
25 \$350,000 for all Professional Fee Claims incurred by Committee's
26 Professionals and Debtor's Professionals from the period from April
 19, 2016 through the Effective Date

- 27 b. At page 33, the Plan provides that the Debtor is to pay all approved fees subject to the
28 Professional Fee Cap:

1 The Reorganized Debtor shall pay all Allowed Professional Fee
2 Claims, subject to the Professional Fee Cap, within five (5) Business
3 Days of entry of a Final Order approving such Professional Fee
4 Claims, unless otherwise ordered by the Bankruptcy Court or agreed
5 between the Chapter 11 Professional and the Reorganized Debtor.

- 6 c. BRG's fees and expenses for the Third Fee Period prior to April 19, 2016 (when the
7 period covered by the Professional Fee Cap begins) are \$3,960.00 in fees and no
8 expenses for a total of \$3,960.00.
- 9 d. BRGs' fees and expenses for the Third Fee Period beginning April 19, 2016 through
10 February 14, 2017 (the Professional Fee Cap period), are \$7,470.00 in fees and no
11 expenses for a total of \$7,470.00.
- 12 e. Based on the Professional Fee Cap, BRG's fees are likely to be discounted in
13 payment by the Debtor. More particularly, depending on awards to other
14 professionals, BRG will face a reduction *pro rata* with other of the Debtors' and
15 Committees' professionals.

16 10. The Plan has BRG's employment continue after the Effective Date for purposes of
17 enabling fee applications and the fee hearing. BRG roughly estimates such fees and expenses at
18 \$5,000 (exclusive of any time BRG may expend or expenses it may incur responding to fee
19 objections). Such fees and expenses incurred after the Effective Date bear no discount under the
20 Plan (*e.g.*, the Professional Fee Cap does not apply). More specifically:

- 21 a. The Plan provides that the Creditors' Committee continues for purposes of the fee
22 applications as noted at p. 95 of the Plan:

23 Upon the occurrence of the Effective Date, the Committee will
24 dissolve and members will be released from all rights and duties
25 arising from or related to the Reorganization Case; provided, however,
26 that Committee may continue to exist after the Effective Date with
27 respect to any and all applications for Professional Fee Claims but not
28 for any other purpose.

- 26 b. And, at pages 66 and 67, the Plan makes clear that post-Effective Date fees of
27 Chapter 11 Professionals (such as relate to the fee applications and fee application
28 hearing) are to be post-Effective Date obligations of the Debtor:

1 Any Claims for fees, costs, and expenses incurred by any
2 Chapter 11 Professionals after the Effective Date will be treated as part
3 of the fees and expenses of the Reorganized Debtor and need not be
4 submitted to the Bankruptcy Court for approval.

5 **II.**

6 **OVERVIEW OF THE BANKRUPTCY CASE**

7 11. The Diocese filed the Bankruptcy Case in order to address sexual abuse by
8 individuals for whom the Diocese is or was responsible. During the Third Fee Period, BRG has
9 continued its focus on the evaluation and analysis of the Debtor's monthly operating reports and the
10 related financial, banking and investment reports and statements.

11 **III.**

12 **NARRATIVE STATEMENT OF SERVICES BRG RENDERED**

13 **AND TIME BRG EXPENDED**

14 12. BRG classified into categories all services it performed during the Third Fee Period
15 for which it seeks compensation. BRG attempted to place each service in the category that best
16 relates to such service. However, because certain services may relate to one or more categories,
17 services pertaining to one category may, in fact, be included in another category. Filed concurrently
18 herewith is the *Declaration of Matthew K. Babcock* (the "Babcock Declaration"). **Exhibit 1** to the
19 Babcock Declaration is a true and correct copy of BRG's bill (the "BRG Bill") for the entire Third
20 Fee Period, including a listing of the services BRG performed during the Third Fee
21 Period, and of the expenses that BRG incurred during the Third Fee Period. **Exhibit 2** to the Babcock
22 Declaration sets forth the resumes of the BRG professionals who worked on this case during the
23 Third Fee Period.

24 13. BRG billed a total of \$11,430.00 in fees during the Application Period. The total
25 fees represent 25.4 hours of work that BRG expended during the Application Period. The time
26 descriptions for each tenth of an hour BRG worked on the case are set forth in the BRG Bill, which
27 is attached as **Exhibit 1** to this application. The fees for the Application Period break down as
28 follows:

Category	Hours	Fees
Document Analysis (Monthly Operating Reports)	21.5	\$9,675.00
Fee Application Preparation & Hearing	3.9	\$1,755.00
Total	25.4	\$11,430.00

- a. Document Analysis (Monthly Operating Reports): During the Application Period, BRG analyzed 8 monthly operating reports filed by the Debtor for the months of November 2015 through June 2016. BRG's services included evaluating financial and operating activity reported in the Debtor's balance sheets and summarized in the Debtor's statements of cash receipt and disbursement. BRG also examined supporting transaction documents and data provided by the Debtor as part of the monthly reporting process. BRG performed these services in order to monitor the Debtor's monthly financial activity and its general sources and uses of funds. In addition, BRG performed comparative analyses on the Debtor's reported financial activity in order to develop and evaluate historical performance and trends.

Total hours: 21.5

Total amount: \$9,675.00

- b. Fee Application Preparation & Hearing: During the Compensation Period, BRG prepared, finalized and filed its second interim fee application covering the time period from January 1, 2015 through December 31, 2015. BRG also telephonically attended the related fee application hearing held in March 2016.

Total hours: 3.9

Total amount: \$1,755.00

14. The BRG professionals who completed the work detailed above are as follows (a copy of resumes for the BRG professionals is included as **Exhibit 2** to the Babcock Declaration):

Professional	Hourly Rate	Hours Billed	Total
Matt Babcock (Senior Managing Consultant)	\$450.00	25.4	\$11,430.00
Total		25.4	\$11,430.00

15. BRG incurred no expenses during the Application Period.

16. Accordingly, BRG seeks allowance and payment of interim compensation in the amount of \$11,430.00, comprised of 11,430.00 in fees and no expenses.

17. As previously discussed, the Professional Fee Cap was put in place for all professional fee claims incurred by the Debtor's professionals and the Committee's professionals for the time period from April 19, 2016 through the effective date of February 14, 2017. As a result, the BRG Bill provides a break-down of fees related to the period from January 1, 2016 through April 18, 2016 and April 19, 2016 through February 14, 2017. Of the total \$11,430.00 in fees requested in this application, \$3,960.00 relates to the period from January 1, 2016 through April 18, 2016. The remaining \$7,470.00 relates to the period from April 19, 2016 through February 14, 2017 and as such is subject to the Plan's professional fee cap.

18. BRG will ensure that a copy of this Application is served on the Office of the United States Trustee, the Debtor, bankruptcy counsel for the Debtor, Committee counsel, and all parties who have requested special notice in this case pursuant to the *Order Establishing Notice and Administrative Procedures* (Doc. 67).

19. Neither BRG nor any members of BRG has any agreement or understanding of any kind or nature to divide, pay over or share any portion of the fees or expenses to be awarded to the Firm with any other person or attorney except as among the members and associates of BRG.

WHEREFORE, BRG respectfully requests that the Court order that:

A. BRG be allowed final compensation for the Case Period of \$57,225.92 (\$57,182.00 in fees and \$43.92 in expenses), subject only to the Professional Fee Cap; and

1 B. As provided by the confirmed plan, no later than five business days following entry
2 of the Court's order, the Diocese pay BRG \$22,069.50, subject to the Professional Fee Cap, as
3 follows:

4 i. \$10,639.50 to be paid without reduction for the withheld amounts from
5 the Second Interim Fee Application;

6 ii. \$3,960.00 to be paid without reduction for amounts incurred by BRG
7 during the Third Fee Period prior to the period covered by the Professional Fee Cap; and

8 iii. \$7,470.00 for amounts incurred by BRG during the Third Fee Period
9 covered by and subject to the limitations of the Professional Fee Cap.

10 DATED this 16 day of March, 2017 at Salt Lake City, Utah.

11
12 BERKELEY RESEARCH GROUP, LLC

13 By: Matthew K. Babcock
14 Matthew K. Babcock, CPA/CFF, CFE, CIRA

15 Accountant and Financial Advisor for the Official
16 Committee of Unsecured Creditors
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